'The Chinese just come and do it': China in Africa and the prospects for development planning

Journal Item

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Viewpoint

'The Chinese just come and do it': China in Africa and the prospects for development planning[1]

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Introduction

The growing presence of China in Africa has been greeted by many as the most significant development on the African continent for some decades (e.g. Moyo, 2012). For many African regimes and businesses China is welcome for the economic benefits it brings coupled with its relative absence of moralising discourses and harsh conditionality. However, there are legitimate questions about competition with African enterprises, uncritical support for dubious political actors, and the need for better standards. Indeed the title of this *Viewpoint* is drawn from an infamous quote by Sahr Johnny, the one-time Ambassador for Sierra Leone in Beijing, who stated:

> The Chinese just come and do it. They don't hold meetings about environmental impact assessments, human rights, bad governance and good governance. I'm not saying it's right, just that Chinese investment is succeeding because they don't set high benchmarks (cited in Hilsum, 2005: 239).

Whether the analysis was ever justified, the sentiment has become an accepted truth for many. China stands accused of riding roughshod over established norms of democratic and sustainable planning, and in doing so gains an unfair advantage over western interests while appealing to African political elites who want new sources of finance at any cost (e.g. Naim, 2007). Much of this is hypocritical hype, intended to paint western interests in Africa as more enlightened and well-meaning. But in the seven years since this quote the Chinese approach has evolved as has our knowledge about the wider developmental impacts, and African policy responses to them (Power *et al.,* 2012). In this piece I ask how do the Chinese approaches fit with existing patterns of African planning? To what extent have they (or will they) modify them and with what effects on development?

Disaggregating 'China' and 'Africa'

The first issue in addressing this question is to get away from blanket discussions of 'China' and 'Africa'. It is beyond the scope of a short *Viewpoint* to do this justice, but we

[1] The author would like to acknowledge the UK's Economic and Social Research Council in funding the research project (Ref: RES-062-23-0487) from which this article in part derives. In addition thinking for this paper was enabled by the *Effective States and Inclusive Development* (ESID) Research Centre and thanks go to Sam Hickey, Kunal Sen and referees of the working paper for constructive criticism (see http://www.effective-states.org/_assets/documents/esid_wp_12_mohan.pdf).

have to distinguish between projects and investments tied to the Chinese state and those which are more or less independent from official agendas. China does give aid – or development cooperation as they prefer to call it – but much is commercial lending at concessional rates (Brautigam, 2009) and tied to the use of Chinese state-owned enterprises (SOEs). When it comes to development planning it is largely these more official projects that come onto the radar of African authorities.

The official discourse around this is ‘South-South cooperation’ with ‘win-win’ outcomes for China *and* Africa. This essentially elite discourse presents a virtuous relationship between the package of Chinese aid and investment and the needs of African economies. In terms of planning the Chinese arguably have more of an Africa policy then African states do a China policy. China’s so-called ‘charm offensive’ (Kurlantzick, 2008) has been guided by purposive diplomacy even though the architecture for China’s overseas policy is complex.

In terms of the actors undertaking these activities it is important to make a distinction between the scale and type of Chinese enterprise (Gu, 2009). Each type of firm has different levels of engagement with local capital, the state and society which greatly affects their developmental potential and with it their involvement in planning processes. While we talk about packages of aid and investment it largely relates to the ties between key Chinese ministries, development banks and large SOEs (Hubbard, 2008). These projects are often in spatial enclaves with relatively few multipliers in the local economy or ‘deep’ linkages to local society although a number of countries (e.g. Angola, DRC) have put in place local content clauses but it is not clear how far these are honoured. The types of projects invested in through the large loans are mainly in infrastructure (Foster *et al.,* 2008), but also resource extraction and technical cooperation.

By contrast to these bilateral projects, Chinese private TNCs are seen to enter under ‘open’ commercial contracts, where they lack any of the protection afforded by the tying of loans to investment. Here they enter the planning process largely through national regulations governing immigration, investment, taxation, labour, etc. Hence, the quality of local regulation in Africa determines how far these investments reap benefits for (or at least do no harm to) local development. How far this regulation of inward investment can be characterised as ‘planned’ depends on how we understand planning.

On the African side, too, analysts have to move away from singular terms like the ‘African state’ and think in more particular ways about the specific relationships between a diverse constellation of African (political) actors and foreign capital (Glassman, 1999). Alden (2007) suggests a range of regime types to help understand ‘China-Africa’ relations in more nuanced ways. Alden’s typology of states - pariah states, illiberal regimes and weak democracies, and democratic countries with diversified economies - has an implicit scaling of democratisation. While he does not explicitly discuss planning, the implication is that more democratic regimes are likely to have more checks and balances on the planning process compared to highly centralised ones. But as in the case of Angola (see below), centralised states can still plan effectively even if the participation of wider society and the transparency of the process are extremely limited.

Also African civil society encourages Chinese investment through things such as friendship societies and town twinning. However, China's presence is contested in some localities by business organisations, political parties and trade unions for the competition it offers and the apparent driving down of standards that the Chinese can bring. It is questionable how far this constitutes planning in a conventional sense although political lobbying can affect policy. In short much more grounded analysis is needed to determine whether and how China is changing the architecture of planning and with it the terms on which development is negotiated.

Planning in action

As I have argued (Mohan, 2012), the impact of China's large, bilateral projects on African development principally depends on the existing political system in the recipient country and the nature of its planning apparatus. In general I have argued for a continuity with past practices, even if the engagement with the Chinese modifies them at the margin. African political systems and development discourses are not static but they are incredibly resilient and capable of adapting to the 'new' interests coming from China (and, arguably, a range of other 'rising' powers), characterised as engagements along three linked axes: elitism and a lack of accountability, weak regulatory capacity, and a reinforcement of a particular vision of modernity.

Elite, unaccountable and enclaved

In terms of planning, these bilateral projects are shaped by the activities of political elites and remain unaccountable to the wider society. Carmody *et al* (2012) conclude their study of China and Zambia by arguing that the relationship is 'based on an (il)liberal bargain between domestic and Chinese political elites' (p.225) and a similar pattern pervades China's relations with Angola. Angola's post-war economy required huge amounts of social and infrastructural investment and so external financing was sought. It was here that China in need of energy resources offered Angola a series of oil-backed credit lines with little conditionality (Corkin, 2011). In the first official estimate of Chinese credit to Angola, the Chinese Ambassador said in early 2011 that US$14.5 billion in credit had been provided since the end of the war from the three Chinese state banks.

Project proposals identified as priorities by the Angolan ministries are put forward to the *Grupo de Trabalho Conjunto* (GTC)*,* a joint committee of Angola's Ministry of Finance and China's Ministry of Commerce (MOFCOM). Implementation then passes over to a multisectoral technical group, the GAT (*Gabinete de apoio tecnico de gestão da linha de crédito da China*). For each project put to tender, the Chinese government proposes a few Chinese companies while sectoral ministries are in charge of managing these public works. Through these arrangements, the Angolan government has used the Chinese credit lines to undertake well over 100 projects which correspond to its strategy of prioritising the country's transportation corridors and the (re)construction of other key infrastructure such as power, telecommunications, housing, schools and hospitals.

Additionally, oil-backed loans amounting to as much as US$10 billion have been provided by a private equity firm based in Hong Kong called the China International Fund (CIF) (Levkowitz, 2009). Crucially the CIF credit facility has been managed by Angola's Reconstruction Office, the *Gabinete de Reconstrução Nacional* (GRN), which has been exclusively accountable to the Angolan presidency (Campos and Vines, 2008). The various *Gabinetes* founded by President Dos Santos have always been highly personalised vehicles for economic management as part of what Soares de Oliveira (2007) terms a 'successful failed state'.

In terms of development planning, Chinese and Angolan actors have produced enclaves that sit within the state but are only connected to selected and clandestine elements within it. This is reminiscent of the Structural Adjustment era when 'parallel governments' (Hutchful, 1989) were established in finance ministries. The model of 'parallel government' in Angola today is in keeping with the patterns of planning *prior to* the entry of the Chinese. As Corkin (2011) notes, structures like the GRN and GTC are a way of minimising risk since their close surveillance allows Chinese actors to monitor expenditure and delivery in a way that less ring-fenced forms of financing, such as that preferred by the OECD-DAC, could not. In this case parts of the state act to secure developmental investment, but other parts of recipient states often lack the capacity to effectively plan for and regulate inward investment.

Capacity

Playing into such unaccountable planning processes is the issue of state capacity and regulation. Haglund's (2008) work on Zambia focuses on 'the interface between Chinese investors and local regulatory institutions' (p.548). He shows that weak local planning and regulatory capacity is a toxic cocktail in which Chinese firms are relatively free to abuse labour and environmental laws. While less extreme than some of the tensions seen around the Zambian mining industry controlled by Chinese firms, a similar pattern is evident in Ghana's largest Chinese-backed project, the Bui hydroelectric dam. Like many Chinese-funded infrastructure projects the majority of the money comes from ExIm Bank. It should bring 400 MW of electricity to Ghana's struggling grid and even allow some to be exported to West African neighbours. The Chinese favoured the dam project as opposed to the Ghanaian Government's preferred option of a railway from the coast to Burkina Faso, because the sale of electricity would guarantee repayment in a way that a railway could not.

An example of weak adherence to the planning process and environmental standards around the dam reveals both obedience in some areas and noncompliance in others (Hensengerth, 2011). The Bui Dam had a long genesis and in the process a feasibility study and Environmental Impact Assessment (EIA) were undertaken not long before the Chinese showed a willingness to fund and build it in 2005. Under Ghanaian law, securing the right to proceed with construction requires various permits and consultations. In terms of the environmental permits one respondent in Hensengerth's research commented "the government sometimes jumps steps" (2011: 15). The EIA process also stipulates a consultation with affected citizens but these hearings relied on a narrow set of representatives from local government and other statutory bodies rather than direct representation from the communities. This process suggests that where the Ghanaian state is determined to see a project realised then regulatory short-cuts can be taken. While not confined to Chinese investments these large, elite brokered projects are likely to encourage this flouting of due process in favour of the Chinese (Haglund, 2009).

Discourses of development

The final way that China plays into African planning is broader around discourses of development. China has a muscular approach to development around growth and infrastructure, through large projects. These sorts of project – as the Angola and Ghana cases show – are much needed and generally welcomed by African leaders and societies. One thing this has done for development planning is to refocus attention on the 'hardware' of development rather than the 'software' of liberal institutions as in the post-Washington consensus (Sachs, 2007). The China model, such that it exists, is one in which legitimacy is built on sustained growth and while its social and ecological effects are problematic it has recalibrated the wider debates around what development means.

Obiorah (2007) argued that China provides a powerful development model, which has a number of possible effects on African development debates. First, he argued, African leaders can use this model to deny political rights to their people and rebuff established donors since China's growth has occurred without the types of liberal reforms associated with 'good governance'. Second, China exports its model via growth-oriented aid and overlooks the social impacts of its actions under the banner of non-interference. Arguably we have seen such outcomes in Sudan. Ultimately, so Obiorah feels, it is the duty of African civil society to debate and discuss China's role, because rentier regimes will not engender such debate. While Obiorah is rightfully circumspect about the political (ab)use of the 'China model', Schmitz (2007) has argued that China's rise means that the idea that 'west is best' is defunct. He argues that China and the NICs show that following a relatively experimental and untrodden path to economic development has worked. However, problems arise in exactly what we mean by the 'China model' since arguably there are multiple models in different provinces (Junbo, 2011).

Conclusion

China's entry into Africa does not radically alter the continent's position in the international division of labour in which African exports to China are predominantly raw materials. But China does supply affordable infrastructure that African economies and societies so badly need and which the IFIs ignored for much of the 1990s and early 2000s. The Chinese have refocused attention on economic growth for development and deal with African states in a more open and business oriented manner. That is not to say the relationship is equal or that the Chinese actors necessarily act in the best interests of Africa/ns. Indeed, the planning processes we see at work are not dissimilar from previous regimes of external engagement, be it colonial or neo-liberal. They tend to be elitist and enclaved, have limited local consultation, and remain relatively non-transparent. Even where local regulation exists to steer and leverage local benefits the willingness and capacity to do so from the top down is weak so that a potential spiral of undercutting can occur, though again this is not something that is unique to Chinese firms operating in Africa.

As China's experience in Africa grows, new trends are emerging that will yet again modify the political and planning systems. At one level the Chinese are now speaking the language of international development and the more recent high level forum of China-Africa relations emphasised building African capacity and looking for sustainable development solutions. We are also seeing a deepening involvement of Chinese actors in African politics, despite China's branding of itself as 'non-interfering'. While much of this is below the radar as opposed to grandiose governance programmes, it may well affect the direction of African states in subtle ways around ensuring the political stability that will enable Chinese activities and ensuring the protection of Chinese nationals working on state-backed projects. While a long way from the full-blown colonialism that some predict it will undoubtedly alter Africa's development landscape in the near future.

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